GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2155
ANSWERED ON:30.11.2007
EXPANDING FINANCIAL INCLUSION IN INDIA
Rawale Shri Mohan

Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware of the report `the Next Billion Consumers` of the Boston Consulting Group regarding financial inclusion as reported in the Economic Times dated November 7, 2007;

(b) if so, the details thereof along with the reaction of the Government thereto; and

(c) the steps taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAU)

(a) to (c): Yes, Sir. The Boston Consulting Group (BCG) has estimated that barely 34 per cent of the Indian population is engaged in formal banking. The suggestions made by BCG for greater financial inclusion, inter alia, include; reaching out to the `Next Billion` banking customers through mobile phones; raising or removing interest rate caps; allowing banks to partner with NBFCs; expanding the list of approved activities for rural branches; introducing measures that allow microfinance institutions to better serve the Next Billion; and, enhancing infrastructure critical to improving inclusion.
The Government`s approach towards financial inclusion aims at connecting people with the banking system; not just credit dispensation. The specific initiatives, of late,, included; introduction of `zero balance` or `no frills` accounts; pilot projects for utilizing sniart cafds/fndbile teefmology to increase banks` outreach; biornetric methods for uniquely identifying customers; pilot project to identify at least one district in each State/Union Territory.for achieving 100 per cent financial inclusion; survey for assessing customer satisfaction in rural areas; permission given to banks to utilise the services of non-governmental organisations/self- help groups, micro-finance institutions (other than NBFCs) and other civil society organisations as intermediaries in providing financial and banking services through the use of business facilitator (BF) and business correspondent (BC) models, agreements between banks and postal authorities for using post offices as business correspondents; several initiatives for improving delivery of customer services; and, constitution of State-specific Working Groups to explore possibilities of greater financial inclusion.